

**NEW GENERATIONS**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022 AND 2021**  
**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
New Generations:

### *Opinion*

We have audited the accompanying financial statements of New Generations (the Organization) (a non-profit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Generations as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report  
To the Board of Directors of  
New Generations

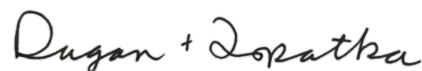
***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



DUGAN & LOPATKA

Warrenville, Illinois  
April 12, 2023

NEW GENERATIONS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,182,926	\$ 3,724,572
Investments	475,502	936,708
Prepays and other assets	<u>546,717</u>	<u>809,498</u>
Total assets	<u>\$ 6,205,145</u>	<u>\$ 5,470,778</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 137,532	\$ 53,730
Accrued expenses	<u>17,604</u>	<u>23,999</u>
Total liabilities	<u>155,136</u>	<u>77,729</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	4,596,922	3,878,594
With donor restrictions	<u>1,453,087</u>	<u>1,514,455</u>
Total net assets	<u>6,050,009</u>	<u>5,393,049</u>
Total liabilities and net assets	<u>\$ 6,205,145</u>	<u>\$ 5,470,778</u>

NEW GENERATIONS  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions	\$ 5,420,686	\$ 1,798,710	\$ 7,219,396	\$ 4,980,846	\$ 1,949,312	\$ 6,930,158
Interest and dividend income	17,881	-	17,881	26,147	-	26,147
Unrealized and realized gain (loss) on investments	32,307	-	32,307	83,545	-	83,545
Other income	10,079	-	10,079	10,015	-	10,015
Net assets released from restrictions	1,860,078	(1,860,078)	-	1,574,055	(1,574,055)	-
 Total operating revenue	 7,341,031	 (61,368)	 7,279,663	 6,674,608	 375,257	 7,049,865
EXPENSES:						
Program	5,834,027	-	5,834,027	5,145,779	-	5,145,779
Management and general	405,362	-	405,362	380,178	-	380,178
Fundraising	383,314	-	383,314	386,690	-	386,690
 Total expenses	 6,622,703	 -	 6,622,703	 5,912,647	 -	 5,912,647
 Change in net assets	 718,328	 (61,368)	 656,960	 761,961	 375,257	 1,137,218
NET ASSETS, beginning of year	3,878,594	1,514,455	5,393,049	3,116,633	1,139,198	4,255,831
NET ASSETS, end of year	\$ 4,596,922	\$ 1,453,087	\$ 6,050,009	\$ 3,878,594	\$ 1,514,455	\$ 5,393,049

The accompanying notes are an integral part of this statement.

NEW GENERATIONS  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 656,960	\$ 1,137,218
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	69,132	(88,519)
Decrease in promises to give	-	125,000
Decrease (increase) in prepaid expenses	262,781	(460,341)
Increase in accounts payable	83,802	29,382
(Decrease) in accrued expenses	<u>(6,395)</u>	<u>(11,519)</u>
Net cash provided by operating activities	<u>1,066,280</u>	<u>731,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(155,926)	(147,139)
Proceeds from sales of investment	<u>548,000</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>392,074</u>	<u>(147,139)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,458,354	584,082
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,724,572</u>	<u>3,140,490</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,182,926</u>	<u>\$ 3,724,572</u>

NEW GENERATIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries & related expenses	\$ 554,935	\$ 195,107	\$ 187,485	\$ 937,527
Contractor support expenses	596,374	-	18,909	615,283
Professional fees	35,706	107,365	46,304	189,375
Telephone/internet expense	38,966	5,003	-	43,969
Bank charges and fees	14,380	26,963	20,491	61,834
Supplies	160,236	4,695	4,185	169,116
Licensing and subscriptions	9,432	1,902	-	11,334
Insurance	-	9,315	-	9,315
Conferences/meetings	20,793	2,033	2,034	24,860
Travel	697,498	23,121	53,224	773,843
Facilities	77,930	7,533	-	85,463
Staff training	181	182	-	363
Miscellaneous	5,373	5,373	-	10,746
Web/software/hardware	74,408	16,770	2,410	93,588
Disciple Making Movements contributions/expenses	3,336,566	-	-	3,336,566
Transportation	53,351	-	-	53,351
Emergency and preservation needs	157,898	-	-	157,898
Promotional	-	-	48,272	48,272
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total functional expenses	<u>\$ 5,834,027</u>	<u>\$ 405,362</u>	<u>\$ 383,314</u>	<u>\$ 6,622,703</u>

The accompanying notes are an integral part of this statement.

NEW GENERATIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total Expenses
Salaries & related expenses	\$ 531,851	\$ 183,877	\$ 173,297	\$ 889,025
Contractor support expenses	538,658	-	17,883	556,541
Professional fees	44,490	114,036	102,714	261,240
Telephone/internet expense	15,189	4,881	-	20,070
Bank charges and fees	8,637	24,330	21,387	54,354
Supplies	81,557	2,448	3,092	87,097
Licensing and subscriptions	4,433	2,065	-	6,498
Insurance	-	9,209	-	9,209
Conferences/meetings	35,350	3,899	3,899	43,148
Travel	166,191	9,412	28,493	204,096
Facilities	600,560	7,956	-	608,516
Staff training	53	52	-	105
Miscellaneous	3,706	3,707	-	7,413
Web/software/hardware	55,862	14,306	2,737	72,905
Disciple Making Movements contributions/expenses	2,628,678	-	-	2,628,678
Transportation	18,037	-	-	18,037
Emergency and preservation needs	412,527	-	-	412,527
Promotional	-	-	33,188	33,188
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total functional expenses	<u>\$ 5,145,779</u>	<u>\$ 380,178</u>	<u>\$ 386,690</u>	<u>\$ 5,912,647</u>

The accompanying notes are an integral part of this statement.



NEW GENERATIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

New Generations (the Organization) is a non-profit organization that is an international Christian ministry that partners with God and national leaders to launch Disciple Making Movements program among the world's least reached people. The Organization hopes to increase the movements of obedient disciples that can virally reproduce within their natural networks as a way to engage the billions of people that are outside the reach of traditional missions. The Organization was recognized as a 501(c)(3) entity in September, 2017.

The Organization evaluated its December 31, 2022 financial statements for subsequent events through April 12, 2023.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements:

Basis of Accounting -

The Organization maintains its financial statements on the accrual basis of accounting which recognizes the support and revenue as it is earned and expenses as they are incurred.

Financial Statement Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

*With donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Prepays -

Prepays consist of advances to various individuals for the Disciple Making Movements expenses.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization did not have unrelated business income for the year ended December 31, 2022. Accordingly, no provision for income tax has been established.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Income Taxes - (Continued)

The Organization files informational returns in the U.S. federal jurisdiction and various states. The Organization is subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may vary from those estimates.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk -

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash.

The Organization places its cash and deposits with high quality financial institutions; however, deposits may exceed the federally insured limits from time to time.

Promises to Give -

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the contributions are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All contributions receivables are considered fully collectible based on past experience and management's judgment; therefore, no allowance for doubtful contribution accounts receivable is needed.

Investments -

The Organization invests in mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Investments - (Continued)

Investments in mutual funds are carried at fair value based on quoted market prices for those investments.

Contributions -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met.

Revenue With and Without Donor Restrictions -

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of cash and other assets that are restricted by a donor are responded to as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the gift is recognized.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to a program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, travel, miscellaneous, and telephone which are allocated on the basis of estimates of time and effort.

Reclassification -

Prior year amounts have been reclassified to be consist with current year presentation.

(2) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this codification are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(2) FAIR VALUE MEASUREMENTS: (Continued)

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used on December 31, 2022 and 2021.

Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 475,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,502</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 936,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 936,708</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following programs on December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Africa	\$ 180,125	\$ 342,123
Southeast Asia	309,826	249,239
Time restricted	435,022	250,022
Bolthouse	499,760	611,988
North America	14,904	15,033
South Africa	<u>13,450</u>	<u>46,050</u>
	<u>\$ 1,453,087</u>	<u>\$ 1,514,455</u>

(4) AVAILABILITY AND LIQUIDITY:

The following represents the New Generation's financial assets at:

	December 31,	
	<u>2022</u>	<u>2021</u>
Financial assets -		
Cash and cash equivalents	\$ 5,182,926	\$ 3,724,572
Investments	<u>475,502</u>	<u>936,708</u>
Total financial assets	5,658,428	4,661,280
Less donor-imposed restrictions	<u>1,453,087</u>	<u>1,514,455</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,205,341</u>	<u>\$ 3,146,825</u>

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses (approximately \$1,600,000).

The Organization manages its liquidity and reserves by adhering to the following principles:

- Operating within a prudent range of financial soundness and stability.
- Incurring unbudgeted costs only when the required funding is available.
- Maintaining adequate liquid assets to fund near-term operating needs.

The Organization's fiscal year runs from January to December. Typically, a significant percentage of revenue is from year-end gifts. Therefore, a large positive year-end balance is used in the subsequent fiscal year. In 2022 approximately 39% of the Organization's revenue was received in the months of November and December. Those funds will be distributed throughout 2023 to cover program costs and general operating expenses budgeted to be incurred in 2023. In addition, the Organization is building up cash for several multi-year special projects and future operational growth to support its long-term vision.